

APPENDIX: LAWS GOVERNING THE STATE BUDGET

CONSTITUTION OF THE STATE OF IDAHO ARTICLE VII FINANCE AND REVENUE

SECTION 11. EXPENDITURE NOT TO EXCEED APPROPRIATION. No appropriation shall be made, nor any expenditure authorized by the legislature, whereby the expenditure of the state during any fiscal year shall exceed the total tax then provided for by law, and applicable to such appropriation or expenditure, unless the legislature making such appropriation shall provide for levying a sufficient tax, not exceeding the rates allowed in section nine of this article, to pay such appropriation or expenditure within such fiscal year. This provision shall not apply to appropriations or expenditures to suppress insurrection, defend the state, or assist in defending the United States in time of war.

SECTION 13. MONEY — HOW DRAWN FROM TREASURY. No money shall be drawn from the treasury, but in pursuance of appropriations made by law.

TITLE 67 STATE GOVERNMENT AND STATE AFFAIRS CHAPTER 4 LEGISLATURE

67-437. DEPARTMENTS, AGENCIES, AND INSTITUTIONS TO SUBMIT INFORMATION. — All departments, agencies and institutions of state government which are required by section 67-3502, Idaho Code to submit reports of actual and estimated receipts and expenditures to the division of financial management shall submit the same information to the legislative services office for the joint finance-appropriations committee, not later than the deadline prescribed in section 67-3502, Idaho Code.

TITLE 67 STATE GOVERNMENT AND STATE AFFAIRS CHAPTER 35 STATE BUDGET

67-3501. BUDGET FUNCTION. — The governor shall be the chief budget officer of the state whose duty it shall be to carry out the provisions of this chapter. The division of financial management shall have such duties as may be prescribed by law, and such other duties as may be designated by the governor. No increase in compensation paid to any employee of the state of Idaho, except officers and employees of the legislative and judicial departments, shall be effective until approved by the administrator of the division of financial management; provided, however, that any decision of the administrator of the division may be rejected and changed by the state board of examiners.

67-3501A. CHAPTER PROVISIONS — ADMINISTRATION. — The provisions of this chapter shall be administered in accordance with article II, section 1, of the constitution of the state of Idaho, which divides the powers of the government of this state into three (3) distinct departments, the legislative, the executive, and the judicial.

67-3502. FORMAT AND PREPARATION OF ANNUAL BUDGET REQUESTS. — In the preparation of a state budget, the administrator of the division of financial management shall, not later than the fifteenth day of July have available for all departments, offices and institutions of the state government forms necessary to prepare budget requests. Such forms, whether in electronic or written format, shall be developed by the administrator of the division and the legislative services office to provide the following information:

(1) For the preceding fiscal year, each of the entities listed above shall report all funds available to them regardless of source, including legislative appropriations, and their expenditures by fund and object of all sums received from all sources, segregated as provided for on the forms.

(2) For the current fiscal year, each of the entities listed above shall report their estimates of all funds available to them regardless of source, including legislative appropriations, and their estimated expenditures by fund and object of all sums received from all sources, segregated as provided for on the forms, including a statement of the purposes for which anticipated funds are expected to be expended.

(3) An estimate of appropriations needed for the succeeding fiscal year, showing each primary program or major objective as a separate item of the request and itemized by object code.

(4) A report concerning the condition and management of programs, program performance, and progress toward accomplishing program objectives.

The completed forms shall, not later than the first day of September, except with special permission and agreement of the administrator of the division of financial management and the director of the legislative services office, be filed in the office of the administrator of the division of financial management and the legislative services office. The legislative and judicial departments shall, as early as practicable and in any event no later than the first day of November, prepare and file in the office of the governor and the legislative services office upon the forms described in this section a report of all of the information required in this section.

67-3504. DUTIES OF ADMINISTRATOR OF THE DIVISION. — (1) It shall be the duty of the administrator of the division of financial management to make such further inquiries and investigations as to any item included in any report of expenditures and available funding sources or the estimate for the succeeding fiscal year which may be included in the report and estimates furnished by any department, office or institution, except those of the legislative and judicial departments. In making such investigation he shall be allowed his necessary expenses of travel and subsistence in visiting any institution or department in the state. He may employ additional resources whenever in his discretion it may be necessary to check the items of expenditure or the estimates submitted by any department, office or institution. The administrator of the division shall serve as a clearinghouse for information, data for multi-agency projects not including requests made by the legislative and judicial departments and shall have power to demand and it is hereby made the duty of every department, officer, board, commission,

or institution receiving appropriations from the legislature to furnish upon demand any and all information so requested by the administrator of the division.

(2) The administrator of the division, in addition to the duties hereinbefore set forth, shall perform such other duties as the governor as chief budget officer of the state may direct. He shall, as often as required by the governor, prepare and furnish reports as to the condition of any appropriations made by the legislature and shall investigate and report to the governor, when required, concerning available funding from all sources and expenditures made by any department, office or institution of the state. The administrator of the division, or his designated representative, shall also appear at all sessions of the standing committees of the house of representatives and of the senate in charge of appropriations and shall furnish to such committees any information required while said committees are considering the budget.

67-3505. BUDGET INFORMATION SUBMITTED TO GOVERNOR. — The administrator of the division shall, on or before the 20th day of November next succeeding, prepare and submit to the governor, or to the governor-elect if there is one, information for the development of the executive budget as designated in section 67-3502, Idaho Code, including the requests of the legislative and judicial departments as submitted by those departments.

67-3506. GOVERNOR TO TRANSMIT BUDGET DOCUMENT. — Not later than five (5) days following the convening of each regular legislative session, the governor shall transmit to the legislature a budget document setting forth his financial plan for the next fiscal year, and having the character and scope set forth. The budget document shall consist of three (3) parts, the nature and contents of which are set forth in section 67-3507, Idaho Code. The requests of the legislative and judicial departments shall be transmitted as submitted by those departments.

67-3507. EXECUTIVE BUDGET. — The executive budget document shall consist of the following three (3) parts:

(1) Part I of the executive budget document shall consist of a budget message by the governor which shall outline the financial plan of the executive department of the state government for the next fiscal year, describing the important features of the financial plan.

(2) Part II of the budget document shall present in detail for the next fiscal year, as minimum information to be included in Part II, items showing: estimates of agency needs based on the governor's recommendations, to meet the expenditure needs of the state from all available funds classified by agencies and showing the cost of each major program. Part II shall also set forth the governor's recommendations for the capital program. All funds, including federal and local funds and interagency receipts received for any purpose, shall be accounted for in the budget.

(3) Part III of the budget document shall consist of the annual performance plans required in section 67-1903, Idaho Code.

67-3508. EXPENDITURE OBJECT CODES. — (1) Excepting where the legislature expressly departs from the classification set forth in any appropriation bill, all appropriations made by the legislature, and all estimates hereafter made for budget

purposes, and all expenditures made from appropriations or funds received from other sources, shall be classified and standardized by items as follows:

(a) Personnel costs, which shall include the salaries or wage expenses of employees and officers, whether full-time, part-time, or other irregular or seasonal help and including compensation or honorarium of members of boards or commissions, and shall also include the employer's share of contributions related to other benefits provided to those employees and officers.

(b) Operating expenditures, which shall include all expenses for services, travel, consumable supplies, and minor items of equipment not otherwise classified under personnel costs, capital outlay, or trustee and benefit payments.

(c) Capital outlay, which, when used in an appropriation act, shall include all expenditures for land, highways, buildings including appurtenances, fixtures and fixed equipment, structures, which also includes additions, replacements, major repairs, and renovations to, which materially extends the capital assets' useful life or materially improves or increases its capacity, and shall include compensation for independent contractors. Automobiles, domestic animals, machinery, apparatus, equipment and furniture including additions thereto, which will have a useful life or service substantially more than two (2) years, shall also be included.

(d) Trustee and benefit payments, which shall include the cash payments of welfare or retirement benefits to individuals and payments to individuals, persons, or political entities, and not otherwise classified under personnel costs, operating expenditures or capital outlay.

(2) The state controller is hereby authorized and directed to implement such subclassifications of the standard classifications herein set forth which are necessary for preparation of the state budget, as supplied by the administrator of the division of financial management and the legislative services office.

An annual review of the subclassifications shall be made by the administrator of the division and the legislative services office.

The state controller shall be supplied the changes desired by the administrator and the legislative services office in the subclassifications which are necessary for the preparation of the state budget or the identification and distribution of expenditures from appropriations no later than sixty (60) days prior to the beginning of any fiscal year to be effective for that fiscal year.

67-3509. TIME WHEN APPROPRIATION AVAILABLE. — When an appropriation shall be made without restrictions as to the time of its use, it shall be available for expenditure for the purposes and to the amount therein stated, from the first day of July of the year during which such appropriation is made to and including the thirtieth day of June of the year following.

67-3510. EXPENDITURE OBJECT CODES MADE TO CONFORM. — All object codes used in appropriations shall be made to conform to those set forth in section-3508, Idaho Code. All expenditures made from said appropriations shall be classified in conformity with the standard object codes. The state controller shall use the standard object codes in the classification of all expenditures drawn against any and all appropriations made by the Idaho legislature.

67-3511. TRANSFER OF LEGISLATIVE APPROPRIATIONS. — (1) No appropriations made by the Idaho legislature may be transferred from one object code to another except with the consent of the state board of examiners upon application duly made by the head of any department, office or institution of the state (including the elected officers in the executive department and the state board of education). No appropriation made for expenses other than personnel costs shall be expended for personnel costs of the particular department, office or institution for which it is appropriated.

(2) Legislative appropriations may be transferred from one program to another within an agency upon application duly made by the head of any department, office or institution of the state and approval of the application by the administrator of the division of financial management and the board of examiners provided the requested transfer is not more than ten per cent (10%) cumulative change from the appropriated amount for any program affected by the transfer. Requests for transfers above ten per cent (10%) cumulative change must, in addition to the above, be approved by legislative appropriation. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the legislature.

(3) All moneys appropriated to any agency of the state of Idaho for the purpose of capital outlay shall be used for that purpose and not for any other purpose.

67-3512. REDUCTION OF LEGISLATIVE APPROPRIATIONS. — Any legislative appropriation made for any department, office or institution of the state may be reduced in amount by the state board of examiners upon investigation and report of the administrator of the division of financial management; provided, that before such reduction is ordered the head of such department, office or institution shall be allowed a hearing before said state board of examiners and may at such hearing present such evidence as he may see fit. No reduction of legislative appropriations made to executive department agencies shall be made without hearing unless and until the head of such department, office or institution shall file his consent in writing thereto. No reduction of legislative appropriations for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties. No reduction of legislative appropriations for the legislative and judicial departments shall be made without the permission in writing of the head of such department.

67-3512A. TEMPORARY REDUCTION OF SPENDING AUTHORITY. — Whenever the governor as chief budget officer of the state may determine that the expenditures authorized by the legislature for the current fiscal year shall exceed anticipated moneys available to meet those expenditures, the governor by executive order may reduce the spending authority on file in the office of the state controller for any department, office or institution of the state; provided, that no reduction of spending authority for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties and provided that no reduction of spending authority for the legislative and judicial departments shall be made without the permission in writing of the head of such department. The head of any executive department, office or institution of the state may appeal the temporary reduction of spending authority to the state board of examiners, and the state board of examiners may, after hearing and consideration of evidence, restore said spending authority to its original level or to such

lesser level as may be required to assist the state in maintaining a balanced budget. The governor may not temporarily reduce spending authority to a level lower than that required to insure that state expenditures do not exceed revenues. A temporary reduction of spending authority pursuant to this section shall not result in a reduction of appropriation. The governor at any time by executive order may restore spending authority which has been temporarily reduced to its original level.

67-3513. COMMITTEES OF LEGISLATURE TO CONSIDER BUDGET. — (1) The standing committees of the house of representatives and of the senate in charge of appropriation measures shall sit jointly in open sessions while considering the budget. Such committee may resolve itself into executive session upon the vote of two-thirds (2/3) of the membership of the committee, at which time persons who are not members of the legislature may be excluded; provided, however, that during such executive session, no votes or any official action may be taken. The administrator of the division of financial management or his designated representative shall attend all meetings of the joint committee and shall present to the committee the recommendations of the governor for amounts to be appropriated for each department, office and institution, including the elective officers and the state board of education, such presentation to include all information necessary to substantiate the recommendations of the governor. The joint committee at its discretion may cause the attendance of heads or responsible representatives of said departments, offices and institutions. The joint committee may increase or decrease items in the budget as it may deem to be in the interests of greater economy and efficiency in the public service.

(2) By not later than January 15 of each year, the administrator of the division of financial management shall report to the joint committee the following minimal information:

- (a) A list by department, by program, and by funding source of all permanent positions authorized as of January 1 of that year and the current salary established for each position as of January 1 of that year; the list shall also designate which of the listed positions were vacant as of January 1, and the date such position became vacant.
- (b) A list by department, by program, and by funding source of the amounts needed to fund the state employee compensation changes being recommended by the governor, which list must be prepared to show the individual cost of each component of the compensation changes.

67-3514. APPROPRIATION BILLS TO BE PREPARED BY JOINT FINANCE-APPROPRIATIONS COMMITTEE. — The joint committees of the legislature in charge of appropriation measures, after considering the budget requests required by section 67-3502, Idaho Code, and the executive budget as required by section 67-3506, Idaho Code, shall prepare and introduce appropriation bills covering the requirements of the various departments, offices and institutions of the state. In the case of any department, office or institution operating under a continuous appropriation, the joint committee may prepare and introduce appropriation bills covering the requirements for the administrative functions of such department, office or institution. The joint committee may, after examining the budget of any department, office or institution operating in part or in whole under a continuing appropriation or fund authorized by the

legislature, prepare and introduce appropriation bills covering all the requirements of the respective department, office and institution.

67-3516. APPROPRIATION ACTS DEEMED FIXED BUDGETS — RATE OF EXPENDITURE. — (1) Appropriation acts when passed by the legislature of the state of Idaho, and spending authority made thereunder, whether the appropriation is fixed or continuing, are fixed budgets beyond which state officers, departments, bureaus and institutions may not expend.

(2) Funds available to any agency from sources other than state funds, if not cognizable at the time when appropriations were made whether state fiscal liability is increased or not, must have prior approval of the administrator of the division of financial management and the board of examiners in order that funds may be expended, except those funds received under such conditions that preclude approval by the administrator of the division and/or the board of examiners. Receipts from the sale of capital outlay items and insurance claim settlements may, with the approval of the division of financial management, be included as an increase to an agency's appropriation and must be identified at an object code level. Expenditure of such receipts must be for capital outlay items.

(3) One state agency may bill another state agency for goods and services, provided the billing agency receives prior approval in writing from the billed agency or such billing is provided for by law. This process will be known as interagency billing to which the following rules will apply:

(a) The state controller will treat interagency receipts as revenue and not classify such revenue as a reduction of the expenditures of the receiving agency. Interagency billing credits for all funds shall be deposited to the appropriate fund of that agency.

(b) Interagency receipts may be expended by the collecting agency to the extent that authority to do so has been requested and approved by the legislature through an appropriation.

(c) The agency which is billed for the goods and services shall classify, treat and account for such expenses in the same manner as if such expenses had been paid by warrant, and may encumber unexpended balances to liquidate known or anticipated interagency billing expenses at the end of a fiscal year. The state controller shall provide for the method of liquidation of these encumbrances.

(4) State agencies selling goods, products, and services to another state agency must use the interagency process detailed by subsection (3) above. State agencies, departments and institutions may sell goods, products, and services to the public and/or other political entities. These cash receipts may be expended according to the following rules:

(a) The state controller will classify these moneys as receipts.

(b) Receipts for all funds shall be deposited to the appropriate fund of that agency.

(c) The collecting agency may expend all such receipts only to the extent that authority to do so has been requested and approved by the legislature through an appropriation, except receipts received by agencies under the circumstances cited in subsection (2) of this section.

67-3517. REQUESTS FOR SPENDING AUTHORITY BY OFFICIALS, DEPARTMENTS, BUREAUS AND INSTITUTIONS. — In order to guard against

excessive expenditure of appropriations, and as an act of economy, efficiency and control relating to said appropriations, it is hereby made the duty of each officer, department, bureau and institution, except the legislative and judicial departments, to file with the administrator of the division of financial management, who shall forward to the state controller, a request for spending authority of funds to be made available during the fiscal year, from the legislative appropriation to said officer, department, bureau or institution. Requests for spending authority shall be submitted to the administrator of the division at a time as prescribed by the administrator of the division, and as a general rule, in the same detail as appropriated, unless greater detail is deemed necessary by the administrator of the division. The legislative and judicial departments shall file a request for spending authority of funds with the state controller not later than fifteen (15) days prior to the expiration of the current spending authority, in such detail as the submitting agency desires. It shall be the duty of the state controller to provide a monthly report in the same or greater detail as the request for spending authority, which includes any adjustments made during the course of the fiscal year, expenditures for the month and expenditures to date for the year, and the percent of unexpended balance in the adjusted spending authority, and the percent of unexpended balance in the adjusted appropriation, if any.

67-3518. INVESTIGATION OF REQUESTS BY ADMINISTRATOR. — It is the duty of the administrator of the division of financial management to investigate such requests, to act upon said requests, make the necessary additions or reductions based upon necessary requirements within the amount appropriated, and deliver the same, to the state controller not later than fifteen (15) days prior to the expiration of the current spending authority.

67-3519. EMPLOYEE POSITIONS — PROCEDURE FOR FILLING. — (1) In addition to any powers, duties, functions and responsibilities of the division of financial management expressed elsewhere in this code, the division shall establish a list of employee positions for which funds are available from the spending authority of appropriated funds to each appointing authority. A position is defined as a specific job normally held by one (1) employee. This list shall contain the title of each position and the pay grade of the position. No appointing authority, except those in the legislative and judicial departments, shall fill a new position without first obtaining the approval of the division and then obtaining proper classification from the personnel commission for positions in the classified service. No appointing authority, except those in the legislative and judicial departments, may increase the pay grade of a position by reclassification or any other means without the approval of the personnel commission for pay grade level and without the approval of the division for sufficiency of spending authority of the appointing authority to meet the proposed change. Appointing authorities in preparation of budget requests shall include exact position control numbers in justification of salaries and other compensation and must assign position control numbers to proposed new positions prior to budget submission. A list of additions, deletions and changes during the first six (6) months of the current fiscal year and projections for the second six (6) months of the current fiscal year of the positions so controlled shall be furnished by the department to the legislature and to the governor on January 1. Any authority

vested in any appointing authority or agency, commission, department, board, office or institution is limited by the provisions of this section.

(2) Positions which have been authorized by the division of financial management, but which have not been filled by the appointing authority within twelve (12) months of such authorization, shall be declared null and void, and shall not be filled except upon a new authorization by the division of financial management.

67-3521. ENCUMBERING APPROPRIATIONS OR EXCESSIVE EXPENDITURES FORBIDDEN — ENCUMBRANCES TO REVERT — APPROVAL. — (1) No officer, department, bureau or institution, shall encumber any appropriations or be allowed to make any expenditures from appropriations in excess of the spending authority provided by this act.

(2) Encumbrances shall be reported as reductions against appropriations in anticipation of an object coded expenditure, shall be made only for a legally contracted obligation or for the accrued cost of a specific product or service due and payable prior to or as of the end of the current fiscal year or for the term of the contract obligation, and shall not be used as a means of reserving a portion of the appropriation of one (1) fiscal year to be used in combination with the appropriation of the following year. Requests for encumbrances shall be accompanied by proper identification of the accrued cost which must be adequately covered by appropriated funds from the current fiscal year.

(3) Encumbrances not liquidated by payment of the accrued cost during the succeeding fiscal year shall revert to the fund from which encumbered, unless approved for extension by the administrator of the division of financial management.

(4) Requests for encumbrances must have the approval of the administrator of the division of financial management.

(5) Notwithstanding any of the above, all purchase orders issued by the state purchasing agent, or purchase orders issued pursuant to a delegation of purchasing authority to specified state officers and employees, shall be encumbered, and such encumbrance shall not require the approval of the administrator of the division of financial management.

(6) When purchase requisitions are submitted by agencies prior to the state purchasing agent's fiscal year-end cutoff date, but not processed either due to workload or bid requirements, agencies may submit a request for encumbrance to the administrator of the division of financial management.

(7) The provisions of this section shall not apply to encumbrances involving vocational educational reimbursements to educational institutions or to encumbrances involving contracts for the construction of highways, bridges, buildings or other primary structures or capital improvements.

67-3524. EQUITABLE DISTRIBUTION OF GOVERNMENT OVERHEAD EXPENSE.

— (1) It is declared the public policy of this state that governmental overhead expenses should be equitably distributed among and between all of the boards, commissions, agencies, and other state and public entities utilizing the state controller's or state treasurer's services and functions to help defray the general fund expense of state government.

(2) Based on the advice of the state controller, the state treasurer, the administrator of the division of financial management, and a representative named by the joint finance-appropriations committee, the board of examiners shall determine governmental overhead rates composed of a financial transaction charge, and a separate personnel/payroll processing charge.

The rates shall be established annually by not later than August 15, to be applicable during the succeeding fiscal year. The financial transaction charge shall be a uniform charge applied to all financial transactions processed by the state controller through the accounting system.

The personnel/payroll processing charge shall be applied to all personnel/payroll transactions processed by the state controller.

(3) The charges imposed in this section shall be imposed and collected monthly by the state controller and utilized by the state controller for maintaining the state's accounting system and the state's personnel/payroll system.

67-3531. ANNUAL STATEWIDE INDIRECT COST ALLOCATION PLAN. — (1) The division of financial management shall develop an annual statewide indirect cost allocation plan in accordance with circular A-87 of the federal office of management and budget. The central service costs of the various central service agencies shall be allocated annually to the recipient state agencies, and such central service costs shall be included in an agency's indirect cost plans for the purpose of determining an indirect cost rate with the cognizant federal agency, and shall be included in an agency's federal grant application.

(2) In conjunction with the respective state service agency, the division of financial management shall prepare an estimate of costs for state budgeting purposes for services provided by the attorney general, the state treasurer and the state controller. The division of financial management shall notify all state agencies of these cost estimates for the next fiscal year on or before November 1. The division of financial management and the legislative services office shall allow state agencies to modify their budget requests in response to such estimates.

(3) The division of financial management shall assess each recipient agency up to one hundred percent (100%) of the amounts allocated in the statewide cost allocation plan. Amounts so assessed shall be separately accounted for and can be expended only after legislative appropriation.

TITLE 67
STATE GOVERNMENT AND STATE AFFAIRS
CHAPTER 19
STATE PLANNING AND COORDINATION

67-1901. PURPOSE. The purposes of sections 67-1901, 67-1902 and 67-1903, Idaho Code, and other applicable laws, are:

(1) To improve management practices and the confidence of our citizens in the capability of their state government in achieving program and operating results of the highest quality by developing and effectively utilizing long-term strategic planning

techniques, key performance standards or goals and measures and improved practices in publicly reporting their progress;

(2) To improve program effectiveness and accountability by promoting a new focus on results, service quality and customer satisfaction;

(3) To help program managers improve service delivery by requiring that they plan to meet program objectives and by providing them with information about program results and service quality; and

(4) To improve oversight review and decision making by providing objective information, data and statistics on achieving statutory and other public policy objectives, and on the relative effectiveness and efficiency of program implementation and spending.

67-1902. STRATEGIC PLANS. (1) By not later than September 1, 1995, the administrative head of each state agency shall submit to the division of financial management a comprehensive strategic plan for the programs, functions and activities of that agency using a methodology and format approved by the division of financial management. Each plan shall contain:

(a) A comprehensive mission and outcome based vision statement covering the major programs[,] functions and activities of the agency;

(b) General goals, including outcome based goals and objectives for the major programs, functions and activities of the agency;

(c) A description of how the goals and objectives are to be achieved, the key performance standards and measures that will be used to determine the efficiency, economy and effectiveness of the programs, functions and activities, and a schedule of implementation;

(d) A description of how the performance standards and measures identified as required by section 67-1903, Idaho Code, shall be related to the general goals and objectives in the strategic plan;

(e) An identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives; and

(f) A description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

(2) The strategic plan shall cover a period of not less than four (4) years forward including the fiscal year in which it is submitted, and shall be updated at least annually integrated into the management decision of the agency and reported in a manner that readily allows comparison of the results of the agencies activities and operations to its strategic plan.

(3) The annual performance plan required by section 67-1903, Idaho Code, shall be consistent with the agency's strategic plan.

(4) When developing a strategic plan, an agency shall consult with the appropriate members of the legislature, and shall solicit and consider the views and suggestions of those persons and entities potentially affected by the plan.

(5) For the purposes of sections 67-1901, 67-1902 and 67-1903, Idaho Code, and other applicable laws, the term "agency" means each department, board, commission,

office and institution, educational or otherwise, except elective offices, in the executive department of state government, as such are defined in section 67-3503, Idaho Code.

(6) Strategic plans are public records and are available to the public as provided in section 9-338, Idaho Code.

67-1903. ANNUAL PERFORMANCE PLANS AND ACCOUNTABILITY REPORTING.

(1) For the fiscal year commencing July 1, 1995, and for each fiscal year thereafter, each agency shall, as a part of its budget request, prepare an annual performance plan covering each program, function or activity along with the key performance standards and measures appropriate to adequately evaluate an agency's performance. Each agency shall:

- (a) Establish outcome based performance goals and objectives along with performance standards used to define and measure the level of performance or results to be achieved by a program, function or activity, and by not later than September 1 of each year, report such standards to the joint legislative oversight committee;
- (b) Express such goals in an objective, quantifiable and measurable form unless permitted an alternative form under subsection (2) of this section;
- (c) Establish relevant outcome and output measures of each program, function and activity;
- (d) Provide a basis for assessing actual program results by comparing relevant performance outcome and output measures to performance;
- (e) Describe the means to be used to verify and validate measured values; and
- (f) Review the success of achieving the previous fiscal year's performance standards or goals.

(2) Each agency shall include in its budget requests and in its annual reports to the legislature and to the public, an historical, comparative report of its performance and plans compared to its performance standards and measures. The report shall disclose the immediately prior four (4) historical fiscal years, and the next four (4) fiscal years of its strategic plan. The information reported in each of these years shall include performance based financial and statistical trends, ratios and percentages for each of their programs, activities and functions along with brief narratives evaluating their results and explaining the continued value and need of each program or activity in order of priority. Reports shall be presented in a uniform and consistent basis and in appropriate summary type format and language that can be easily reviewed and readily understood by the average citizen. To the extent records are not available in a format or classification that allows meaningful comparison for fiscal years prior to July 1, 1995, or if there are other compelling facts limiting an agency's compliance with the foregoing, waivers for up to the fiscal year commencing July 1, 1996, may be granted by the division of financial management. At a minimum, agencies shall be required to start implementation for the fiscal year commencing July 1, 1995, on a pilot basis using one (1) or more programs or activities.

(3) If an agency, after consultation with the administrator of the division of financial management, determines that it is not feasible to express the performance standard or goals for a particular program activity in an objective and quantifiable form, the administrator may authorize an alternative form. Such alternative form shall:

- (a) Include separate descriptive statements of:

- (i) A minimally effective program, and
 - (ii) A successful program,
- with sufficient precision and in such terms that will allow for an accurate, independent determination of whether the program activity's performance meets the criteria of either description; or
- (b) State why it is not feasible or impractical to express a performance goal in any form for the program activity.
- (4) In preparing a comprehensive and informative plan under this section, an agency may aggregate, disaggregate or consolidate program activities, provided that any aggregation or consolidation does not omit or minimize the significance of any program activity constituting a major function or operation of the agency.
- (5) For the purposes of this section:
- (a) "Outcome performance measure" refers to an assessment of the results of a program activity compared to its intended purpose or vision;
 - (b) "Output performance measure" refers to the tabulation, calculation or recording of activity or effort and can be expressed in a quantitative or qualitative manner, with emphasis on the impact on the person or services receiving the end result;
 - (c) "Performance standard or goal" means a target level of performance expressed as a tangible, measurable objective, against which actual achievement shall be compared, including a goal expressed as a quantitative standard, value or rate;
 - (d) "Performance indicator or measure" refers to a particular value or characteristic used to measure output or outcome;
 - (e) "Program" means a specific activity or project as listed in the annual budget of the state of Idaho or subcomponent thereof that is deemed by management or the legislature to be significant, highly controversial, materially different, important or having a high probability to become such;
 - (f) "Program evaluation" means an assessment, through quantifiable measurement and systematic analysis, of the manner and extent to which programs achieve intended objectives; and
 - (g) "Function" means a group of related activities serving a common end.

67-1910. DIVISION OF FINANCIAL MANAGEMENT -- ADMINISTRATOR -- APPOINTMENT. There is hereby created within the governor's office a division of financial management. The governor shall appoint an administrator for the division of financial management. The administrator shall be knowledgeable about finance, accounting, and budget principles. The administrator of the division may employ additional personnel as may be necessary, and may contract for professional services or assistance when necessary or desirable. All employees of the division of financial management shall be exempt from the provisions of chapter 53, title 67, Idaho Code.

67-1911. FINANCIAL MANAGEMENT TECHNICAL DEVELOPMENT COMMITTEE. Because accounting, budgeting and financial information programs and policies are vital to the affairs of the legislative as well as the executive branch, there is hereby created a financial management technical development committee consisting of the officers listed below, which committee shall meet not less often than quarterly on the call of the chairman, to review financial information programs and policies and disapprove such programs or policies by a majority vote if deemed appropriate. The members of the

committee shall be the administrator of the division of financial management who shall be chairman, the director of the department of state information systems, the administrator of the division of human resources, and the director of the legislative services office, all of whom shall be voting members.

67-1913. FUNDS OF DIVISION. When federal or other funds are received by the division, they shall be promptly transferred to the state treasurer and thereafter be expended only upon the approval of the administrator.

67-1915. DUTIES, RESPONSIBILITIES, AND AUTHORITY. The division of financial management shall have the following duties, responsibilities, and authority:

1. To study and recommend to the governor methods of interdepartmental cooperation and consolidation within the executive branch of government;
2. To study and recommend to the governor methods for improving efficiency of interdepartmental functions;
3. To provide technical assistance to state agencies when requested;
4. To serve as a clearinghouse for information, data and material which may be helpful in determining needed legislation;
5. To have the power to petition for and receive monies such as grants or gifts;
6. To work to harmonize the planning activities of state agencies so that comprehensive statewide programs are consistent and to eliminate duplication where possible; and
7. To carry out continuing studies and analyses of the problems faced by the state and develop such recommendations for administrative or legislative action as would appear necessary.

67-1916. FEDERAL ASSISTANCE MANAGEMENT -- DUTIES, RESPONSIBILITIES AND AUTHORITY. The division of financial management shall serve as the central information center for all state agencies requesting federal assistance. The division of financial management shall have the following duties, responsibilities and authority:

- (1) To establish and maintain a central reporting and information service to keep the governor, the agencies of the state and its subdivisions, and the legislature informed of the intent of the state entities to apply for federal assistance throughout the state.
- (2) To assist in the coordination of federal programs administered by more than one (1) state agency.
- (3) To report, as requested by the legislature or its committees, on the status or condition of federal assistance programs in the state.
- (4) To require that any state agency that participates in any federal assistance program shall make additional information available as necessary.

67-1917. REPORTS BY PARTICIPATING STATE AGENCIES. Any state agency that participates in any federal assistance program shall make additional information available as the division of financial management may require.

67-1918. FINANCIAL AND ACCOUNTING RESPONSIBILITIES OF THE DIVISION. It shall be the duty of the administrator of the division of financial management to work with the financial management technical development committee to:

APPENDIX: LAWS GOVERNING THE STATE BUDGET

(1) Develop and implement financial and management reporting systems to serve the needs of budget development and management support. Such systems shall be developed in consultation with the state controller, executive departments, legislature and other elected officials and shall be designed to assist department directors, the governor, and the legislature with their decision-making responsibilities;

(2) Develop recommended changes to the state account structure, accounting policies or accounting procedures, that would benefit financial and management reporting. Such recommendations shall be supplied to the state controller not later than May first of each fiscal year;

(3) Make studies of the effect of federal assistance programs in the state and advise the governor and the legislature of alternative recommended methods and procedures for the administration of these programs;

(4) Study and recommend to the governor methods for improving efficiency of interdepartmental financial functions;

(5) Perform such other duties and perform other studies assigned by the governor in the area of administration for the executive branch.